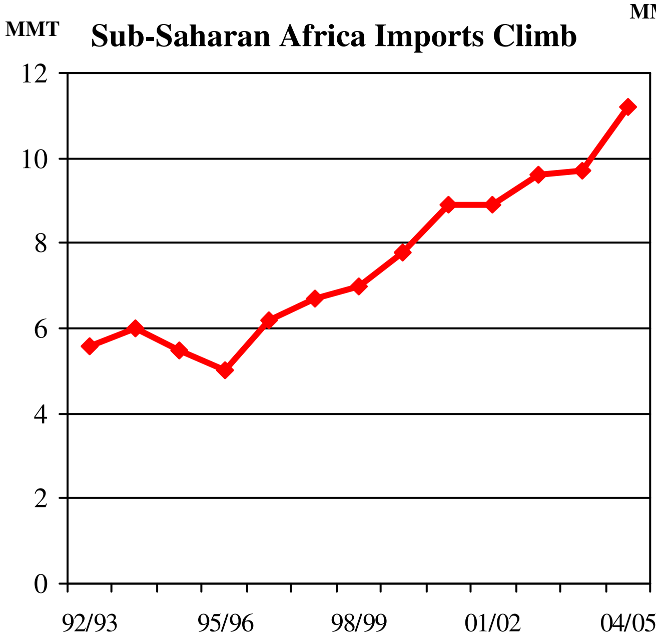
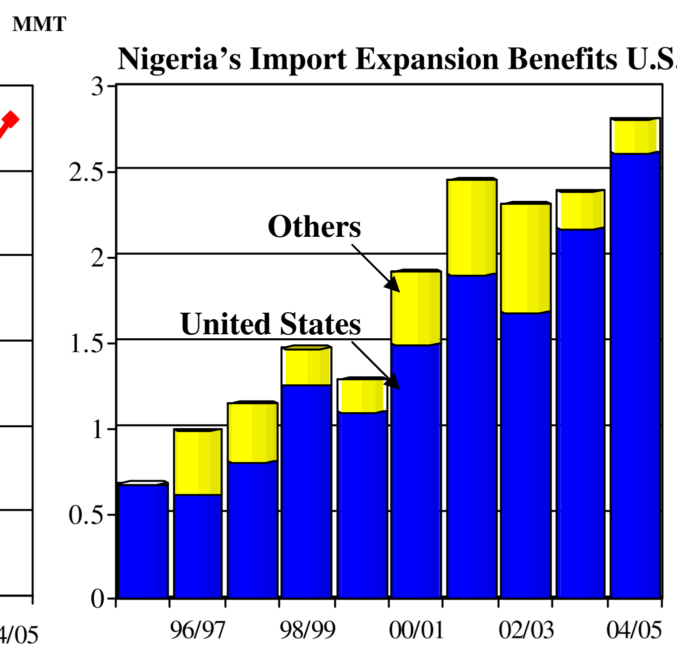
WHEAT: WORLD MARKETS AND TRADE

MONTHLY HIGHLIGHTS:

2004/05 Sub-Saharan African Imports Jump, Driven by Nigeria: With strong population growth, Sub-Saharan wheat imports have expanded steadily during the last decade, averaging half a million tons increase per year. This year import growth has even doubled that earlier pace, bringing imports to 11 million tons. In Nigeria, higher wheat imports (which comprise a quarter of the region's total) are being driven by rising consumer demand for wheat products, coupled with a government ban on imports of pasta, spaghetti, and biscuits. Consumption has nearly quadrupled during the past decade, and this higher demand has resulted in the rapid expansion and modernization of the milling industry. South Africa's imports are estimated to reach a record because of two consecutive below average crops.

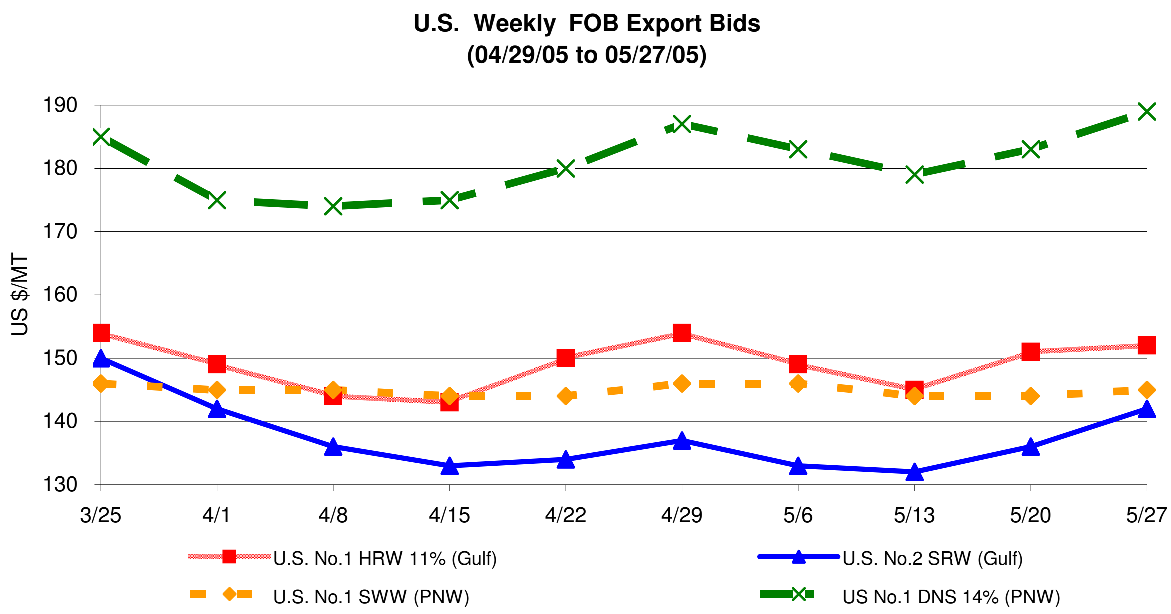




PRICES:

Domestic: Wheat prices fell initially in May, but then trended upward for the rest of the month due to weather concerns in the HRW growing area as well as continued dryness in Argentina and Australia.

For the week ending May 27, and compared to a month earlier, average HRW prices were $2 a ton lower, and SWW fell $1 a ton. SRW prices climbed by $5 a ton with HRS prices up $2 a ton.



TRADE CHANGES IN 2005/2006

Selected Exporters

- **Argentina** down 500,000 tons to 9.5 million as smaller planted area reduces production prospects.
- **Australia** down 500,000 tons to 15.5 million as drought is expected to reduce the exportable surplus.
- **India** cut by half to 500,000 tons. Carryin stocks are at an 8-year low and the crop estimate was reduced this month.
- **Russia** up 1.0 million tons to 8.0 with better production prospects.
- **Turkey** up 200,000 tons to 1.2 million. A larger crop is expected to allow greater exports, especially of wheat flour.

Selected Importers

- **Morocco** up 200,000 to 2.9 million as weather-impacted production is expected to fall to less than half of last year's level.
- **Nigeria** up 100,000 tons to 2.8 million due to continued strong domestic demand.
- **Tunisia** up 100,000 tons to 1.2 million with a smaller crop estimate.

- **Turkey** down 200,000 tons to 1.0 million as a larger expected crop reduces the need for imports.

TRADE CHANGES IN 2004/2005

Selected Exporters

- **Argentina** up 500,000 tons to a record 13.0 million due to a strong shipment pace to date.

- **Australia** down 200,000 tons to 16.5 million due to export pace to date.

- **Turkey** up 300,000 tons to 1.6 million with strong flour exports, especially to Iraq and Libya.

- **Ukraine** up 400,000 tons to 4.2 million as late-season shipments have continued strong, especially to the European Union.

- **United States** up 500,000 tons to 28.5 million due to larger than expected late-season shipments.

Selected Importers

- **Algeria** up 200,000 to 4.5 million due to pace to date.

- **Egypt** up 200,000 tons to a record 7.7 million due to current trade and sales data.

- **Nigeria** up 200,000 tons to a record 2.8 million as expanding consumption continues to drive larger imports, almost entirely from the United States.

- **Sri Lanka** up 100,000 tons to a record 1.1 million due to larger than expected imports of wheat flour.

- **EU-25** up 700,000 tons to 6.7 million with continued strong late-season imports, especially of feed-quality wheat by Spain.